

LEASE PURCHASE / THIRD-PARTY FINANCING CONTRACTS REPORTING GUIDELINES (Form ASTO 1012)

A statewide Report of Bonded Indebtedness, statutorily required per Arizona Revised Statute (A.R.S.) §35-501, is compiled using the information provided on this form. The information provided should reflect all lease purchase or third-party financing contracts with terms greater than one year as of **June 30, 2015**. To assist in reconciling the total amount paid during the fiscal year, include any lease purchase or finance contracts paid in full during the fiscal year. The amounts retired should represent the total *through the life of the lease or contract* and not just the amounts retired during the fiscal year.

Note: "Any county, city, town, school district, irrigation district or other political subdivision of the state that fails to comply fully with the provisions of this article shall not issue any additional bonds or other securities" per A.R.S. §35-501. Furthermore, any person or member of any governing body knowingly omitting or refusing to comply with this request is guilty of a class 2 misdemeanor per A.R.S. §35-502.

Complete each applicable field. Include information on all *lease purchase contracts with terms in excess of one year* and on all *third-party financing contracts with terms in excess of one year*. The following specific instructions for each numbered column should help you fill out the form correctly and completely. Submit completed reports to the department by *Friday, September 24, 2015*.

- 1) **NAME:** Enter the name of the agency or political subdivision involved in these contracts.
- 2) **TYPE OF FINANCING:** List the type of financing instrument for each issue. *For this form*, these can be categorized as:
 - LP **Lease Purchases** are issued to acquire or construct a building or equipment. The building and property usually serve as collateral for the benefit of the investors. The jurisdiction rents the property on a short-term, renewable basis. *Only report lease purchases if the terms of the lease are for more than one year and if the property changes ownership at the end of the lease.*
 - 3P **Third-Party Financing Contracts** are generally used to acquire equipment. The equipment serves as collateral. The difference between lease purchases and third-party financing contracts is that lease purchase financing is usually provided by the vendor. With third-party financing contracts, an outside party provides the financing.
- 3) **PURPOSE:** Complete the Purpose of Issue field by listing the use of the revenue. For example, computers, fire station, etc.
- 4) **DATE OF CONTRACT:** Enter the original date of the lease or contract.
- 5) **INTEREST RATE:** In this column, list the rate (one rate) of interest at final maturity. (There may be a single rate for the life of the contract.)
- 6) **DATE OF MATURITY:** The final maturity date of the lease or contract.
- 7) **ORIGINAL CONTRACT AMOUNT:** The original principal amount of the lease or contract. *There should be no interest or pre-payment penalty included in this amount.*
- 8) **PRINCIPAL RETIRED:** The total amount of principal paid throughout the life of the contract, **including the July 1, 2015 payment** if the payment amount has been deposited into a dedicated fund for payment of the principal. The amount should represent the total *through the life of the contract* and not just the amount retired during the fiscal year.

- 9) **OUTSTANDING PRINCIPAL:** Enter the amount still owed on the original lease or contract. However, the outstanding balance **should be reduced by any July 1, 2015 payment** if the payment amount has been deposited into a dedicated fund for the payment of the principal. To reconcile with prior year reports, include any lease purchase or third-party financing contract paid in full during the last reporting period.

Note: For all fields above requiring dollar amounts (columns 7 through 9), **list ONLY the principal amounts.** Do not include interest. Write the dollar amount completely. **Do not abbreviate with terms such as \$10K or \$50M.**

The sum of the **Principal Retired** (column 8) **plus the Outstanding Principal** (Column 9) **must equal the Original Contract Amount** (column 7). Check your math to make certain **columns 8 + 9 = 7**. Remember the amount retired should be the principal amount through the life of the bond and not just the amount retired during the fiscal year.

*****INTEREST REPORTING REQUIREMENTS***** State government and all local governments are required to report interest paid in the latest fiscal year and interest paid to date pursuant to A.R.S. §41-4601 and §41-4604. State government consists of any department, commission, board, institution or other agency of the State receiving, expending or disbursing state funds or incurring obligations against the State. Local governments consist of a county, city or town with a population of more than 2,500 persons; any community college district and school district with a student count of more than 600 pupils; and a state university.

- 10) **INTEREST PAID IN FY 15:** Enter the amount of interest paid during the fiscal year, **including the interest associated with the July 1, 2015 payment** due if the payment amount has been deposited into a dedicated fund for the payment of the principal.
- 11) **INTEREST PAID TO DATE:** Enter the total amount of interest paid throughout the life of the bond, **including the interest associated with the July 1, 2015 payment** due if the payment amount has been deposited into a dedicated fund for the payment of the principal.

Attach any remarks concerning any of the issues on a separate page. Include the name, phone number and email address of the individual to contact if we should have any questions. An annual written confirmation is required even if your jurisdiction had no outstanding bonds. If you had no outstanding debt to report, simply indicate "none" on the form, sign and complete the contact section. An Excel spreadsheet or other reproductions of the form are acceptable. Completed forms must be sent by email to LeasePurchase@aztreasury.gov shown on the following page or faxed to (Attention: Lease Purchase (602) 542-7176).

Report of Bonded Indebtedness Contact Information:

If you have any questions, please contact Sean Dollman (602) 542-7880:

Email completed forms to LeasePurchase@aztreasury.gov

In addition send original document with signature via email, fax Attention: Lease Purchase (602) 542-7176, or by mail your completed forms to:

Lease Purchase
Office of the Arizona State Treasurer
1700 W. Washington St
Phoenix, AZ 85007

Completed forms should be submitted to the department by **Friday, September 24, 2015.**

ADDITIONAL PERTINENT STATUTORY REQUIREMENTS

Report of Bond and Security Issuance: Pursuant to A.R.S. §35-501(B), these forms need only be filed if your jurisdiction issues new bonds or securities.

Although the Governing Board of the jurisdiction is ultimately responsible for compliance with these requirements, a similar letter has been sent to all known Municipal Bond Attorneys and Municipal Underwriters in Arizona. If you are using the services of Arizona Attorneys or Underwriters, please be certain that you know which of you will be filling out and submitting these forms. If you are not using their services, you must fill out and submit the forms. Forms are available at WWW.AZTREASURY.GOV under the “Bonded Indebtedness” link under “Forms” or call Kim Hodge at (602) 542-7849.

Notification of retirement of bond or upon payment of interest: A.R.S. §35-502 requires that the State Treasurer receive notification immediately upon retirement of a bond or upon payment of interest. In order to promote efficient compliance with this provision, we have asked that a Debt Service Schedule is sent upon issue, and notification of any variation from that schedule is sent to us immediately.

Industrial Development Corporation Exemption: A.R.S. §35-505 exempts industrial development corporations formed pursuant to Chapters 5 and 6 of Title 35 from this annual reporting requirement.

Publicity Pamphlets: A.R.S. §35-454 dealing with Bond Election Informational pamphlets requires that the governing board of a political subdivision shall “*submit a copy of the informational pamphlet to the Department of Revenue within thirty days after the bond election.*” The Department of Revenue no longer oversees debt reporting please send a copy to The Office of the Treasurer. Please indicate if the election was successful.